

From: Josh Bersin
To: Microsoft ATR
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Subject: What Happened to the Microsoft Anti-Trust Case?

As a taxpaying American citizen and a member of the high tech workforce, and a software executive, I have to voice my outrage at the DOJ's treatment of the Microsoft case.

Microsoft has been convicted of tied product sales. They have been convicted of illegally blocking competitors from unbundling products, and of preventing legitimate software competitors from building products on Windows that compete with Microsoft products. They even lied at the trial.

I was an executive at Sybase during our contact negotiations, and we actually developed the original code for SQL Server which Microsoft now sells as part of Windows 2000/XP. Microsoft badgered us, bullied us, and used terrorist tactics which eventually forced our CEO to license source code to them.

They have done this to all vendors of word processing software, of presentation software, of email software, browsers, and now, with Windows XP, they will eliminate remaining software providers of streaming media software, MP3 players, and other windows accessories. There is no business model which can compete with "give it away with the operating system." Clearly they are a monopoly and continue to use that monopoly to kill off other markets peripheral to their core market (operating software).

I worked at IBM in the 1980s when IBM was broken up from tying its services with its hardware and software. It made IBM a better company and it made the mainframe industry a cleaner, more profitable industry for everyone. It allowed many companies to grow and flourish (I would venture to say that Oracle would not exist if IBM had been allowed to give away DB2 for free).

What is the harm to consumers of this monopoly? Plenty.

First, innovation on PC software has nearly halted. There are no more software companies left building desktop productivity applications (except maybe Adobe and Macromedia). There are no more options for email software, word-processing, presentations, etc. Lotus is gone, WordPerfect is gone, they're all gone. We have no choice.

Second, prices for software are going through the roof. With Windows XP Microsoft has now taken the gloves off. Clearly they now believe that the competition for desktop software is gone, so they can price however they want. A copy of Office for Windows XP now costs nearly \$500-600 list price. This is nearly the cost of an entire mid-range PC. The OfficeXP Division at Microsoft is generating billions of dollars of revenue with margins well over 80%. Consumers and businesses are getting gouged, and there is no alternative.

Third, there is no possibility of high quality support for these products. I have to agree with Jeremy (his article just appeared in the Wall Street Journal online). I have had numerous problems with just PowerPoint XP. Microsoft has no fixes for these problems, nor is there an incentive for them to fix them. What other presentation software can I use? There are no vendors left.

Fourth, innovation has halted. The newest versions of Outlook, Word, Powerpoint, and Excel have added no significant exciting new functionality. They have added complexity and primarily more and more links to Microsoft web properties -- forcing consumers to go to Microsoft.com for updates, releases, plugins, etc.

I am not a lawyer, but I am a business person. I know what happens when you think you can get away with being a monopoly. You deliberately tie in products, you deliberately lose money on new products to make it up on monopoly products. You deliberately mislead competitors. You deliberately steal ideas from small underfunded competitors.

None of this has stopped at Microsoft -- they continue unchecked. And when I heard that

they were given the OPPORTUNITY to donate \$1B of equipment to schools, I knew "they got away with it AGAIN." Now the US Government is giving the Microsoft Monopoly the ability to start their monopoly games at the age of 6.

What is going on at the DOJ? Are you afraid of hurting the economy? I promise you that if Microsoft was split into two independent companies -- the Microsoft Windows Company, and the Microsoft Applications Company -- both would flourish and prosper. Innovation would start again. New companies would form. New software would be developed. The PC, which is becoming one of the most important appliances of our lives, would be given a new life.

As it is, look at the software industry today. There are only a handful of companies making money any more, and the rest are gone. Our international competitiveness in software will over time be overcome by countries that prevent Microsoft from exerting influence. I believe the writing is on the wall -- India, Russia, and the far east will become bigger software providers over time than the US.... with the exception of Microsoft.

What recourse do I have as a consumer, a member of this industry, and as a tax paying citizen, to tell the DOJ to work harder. Fight these guys. They are NOT acting in the public interest. They are NOT acting in the consumers' interest. They are NOT acting in the interest of the industry. They see a world where Microsoft logos appear on every appliance, every desktop, every cell phone, and every web site. Their vision is clear and it is all built upon the Windows monopoly money machine.

I would be happy to travel to Washington to testify or give additional insights to the team... but it appears that the DOJ has already given up!

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